

Plymouth Citybus Limited
Annual report
for the year ended 31 March 1998

Registered no: 2004966



Plymouth Citybus Limited

Managing director's report for the year ended 31 March 1998

The year ended 31 March 1998 was one of consolidation for the company. The previous two year's trading have shown a reduction in profit margins, as compared to those achieved during the early to mid-1990s. Following a careful consideration of all relevant facts, the Board of Directors took the decision that there should be a freeze of the local bus fleet replacement programme, during the financial year, in order that the company could return to the state of generating a sufficient profit margin to enable it to meet all its financial commitments and responsibilities. This strategy has proved successful as a pre-tax profit margin of 9.62% (1997: 6.46%) has been achieved. The asset freeze decreased depreciation and financial charges without causing any significant long-term adverse effects on the business, as a consequence of the generous fleet replacement programme implemented during recent years.

The Board of Directors was anxious that the vehicle replacement policy should only be frozen for one year and as it became apparent that the financial position was being restored to the required level, orders were placed with the vehicle manufacturers during December 1997 for the delivery of 14 Super Low Floor Dennis Dart/Plaxton Pointer buses, to be available during May 1998. The Board is aware that the operation of local buses in and around the Plymouth area remains the core business. The company has a reputation for a quality, reliable operation, which must be maintained, especially as public transport becomes increasingly important in the Government's policy of reducing levels of traffic congestion, which have massively increased over recent years, because of the unfettered use of the private car.

The local bus service network was revised at the start of the 1997/98 financial year, with Derriford Hospital receiving many more buses as the Green Staff Travel Plan commenced. This is in line with Government and Plymouth City Council policy, it was the result of months of careful planning and negotiation between Citybus, Western National, Plymouth Hospitals NHS Trust and Plymouth City Council. The experiment resulted in:

- More buses throughout the day for Derriford Hospital.
- Faster, more direct services, especially to Stoke, St Budeaux and Devonport.
- Joint publicity advertising services to the hospital.
- A new joint staff travel pass giving unlimited travel on any bus in and adjacent to the City, deducted at source from monthly salaries.
- Added value 'EasyRider Plus' cash card providing 25% extra travel on Citybus services for those staff not travelling every day.

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The services were generally well received and have resulted in increases in the numbers of staff and visitors travelling to Derriford Hospital by bus. Subsequent surveys have shown that passengers boarding Citybus services at the hospital have increased by 40%. The 33/34 route which serves Milehouse, Stoke, Devonport, City Centre, Mutley and Peverell has been particularly successful.

Elsewhere on the network, the experimental service 19/19A to the Greenwood Park area of Plympton was considered successful and was maintained on a permanent basis. A new service 40A Bampfylde Way and Kinnaird Crescent area of Southway was launched during the winter, subsidised by Plymouth City Council, following requests from Residents' Groups. The service proved to be a popular addition to the Citybus network, and has been subsequently increased in frequency.

Contrary to the experience in most towns and cities throughout the United Kingdom, there was growth of 2.6% in passenger journeys, as compared to 1996/97. Other key statistics for the local bus operation are:

- 15 million passenger journeys undertaken during the year.
- 150 buses per day operated during peak hours Mondays to Fridays.
- 9 million kilometres operated during the year.
- Annual turnover increased to just over £9 million.

In order to maintain driving standards, an initiative was introduced during the year involving the Driving Standards Agency. This involved their examiners travelling as passengers on service buses and reporting the drivers' actions. This produced overall good or excellent results for the majority of drivers, with some faults for a minority. A small proportion of drivers were recommended for retraining, and helpful advice and encouragement was dispensed by the in-house driving school to appropriate members of the driving staff. The exercise was carried out with the full support of the company's Driver Trades Union Representatives, who were involved in the initial discussions, carried out prior to its introduction.

As indicated above, there was a freeze on the asset replacement of the local bus fleet, however, one major replacement was made with the introduction of a new bus wash from Smith Brothers & Webb, at a cost of £30,000. The previous wash had become worn out, having been installed as part of the depot site rebuilding in 1985, carrying out during this time 430,000 vehicle washes.

All of the company's 185 buses, coaches and training vehicles were inspected by the Department of Transport's Vehicle Inspectorate. No failures were registered and the company's 100% pass record compared favourably with the national pass average. In addition, 14 buses and coaches were subjected to random roadside spot checks, with all 14 passing the test successfully, although 2 vehicles received minor advisory items.

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The company continued to provide sponsorship for various locally based clubs and associations. For the first time, Plymouth Athletic Club, Plymouth Baseball Club and the Plymouth Play Association all received financial support.

Positive contributions to the company's financial performance were again provided by the Citycoach, Car & Commercial and Advertising sections.

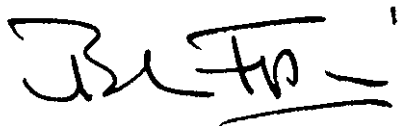
Staff of the company continued their involvement and participation in membership of various outside bodies, including:

- Confederation of Passenger Transport.
- Plymouth Marketing Bureau.
- Plymouth Chamber of Commerce.
- District and Regional Groups TGWU.
- Plymouth City Council's Single Regeneration Budget Group.
- PSECETS.
- Confederation of British Industry.

In addition, the company's activities were positively promoted via all channels of the media.

The company's success during 1997/98 is due to directors and employees all working together as a team, and thanks are due to everybody for their splendid effort.

Brian L Fisher
Managing Director



9 October 1998

Plymouth Citybus Limited

Annual report for the year ended 31 March 1998

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Directors and advisers

Directors

R S Simmonds (Chairman)
B L Fisher
J A L Ackroyd
B Vincent (resigned June 1997)
C A Webster
D A Millar (resigned June 1998)
J A Coyle
P N Coyle
D Roche (resigned June 1998)
G W Wheeler
J Williams
P Thorpe (appointed June 1997)
A Stephens (appointed June 1998)
S Lemin (appointed June 1998)

Secretary and registered office

J A L Ackroyd
Milehouse
Plymouth
PL3 4AA

Registered Auditors

PricewaterhouseCoopers
Midland House
Notte Street
Plymouth
PL1 2EJ

Bankers

National Westminster Bank plc
St Andrew's Cross
Plymouth
PL4 0AE

Directors' report for the year ended 31 March 1998

The directors present their report and the audited financial statements for the year ended 31 March 1998.

Principal activities

The profit and loss account for the year is set out on page 6.

The principal activities of the company are the operation of buses, primarily in Plymouth, and coaches throughout Great Britain.

Review of business and future developments

The directors are pleased that changes instigated during the financial year 1997/98 have improved the company's profitability without adversely affecting the level of service being provided. The directors are now satisfied that the company is capable of maintaining a profitable performance in line with commercial levels within the bus industry.

Dividends and transfers to reserves

The directors have paid an ordinary dividend of £500,000 (1997: £500,000) in respect of the year ended 31 March 1998. The retained profit for the year of £299,000 has been transferred to reserves.

Directors

The directors of the company during the year ended 31 March 1998, all of whom have been directors for the whole of the year ended on that date, except where noted, are listed on page 1.

Directors' interests

The directors of the company at 31 March 1998 did not hold any interests in the shares of the company at any time during the year.

Share capital

All the ordinary shares in the company are held by or on behalf of Plymouth City Council.

Political and charitable contributions

Charitable donations during the year amounted to £1,185 (1997: £301).

Employees

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings matters likely to affect employees' interests. By appointing an employee director, the company actively encourages participation at board level.

Information on matters of concern to employees is given through information bulletins and reports to achieve a common awareness of the financial and economic factors affecting the company's performance.

It is the policy of the Company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Year 2000

A new IT manager has been employed by the company and has now assumed Year 2000 responsibilities. The company is addressing the Year 2000 issue as follows:

- Letters from software companies stating that their software is Year 2000 compatible have been received.
- All hardware has been assessed and a plan of action produced detailing the further action required to ensure Year 2000 compliance.

Management expect that Citybus will be fully Year 2000 compliant by December 1998.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers as auditors. A resolution to reappoint PwC as auditors to the company will be proposed at the annual general meeting.

By order of the board



J Ackroyd
Secretary

9th October 1998

Report of the auditors to the members of Plymouth Citybus Limited

We have audited the financial statements on pages 6 to 20.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

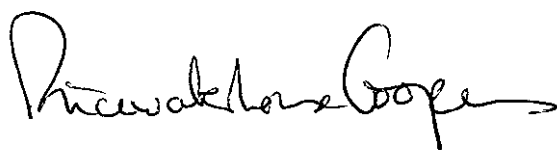
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1998 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Plymouth

30 November 1998

Profit and loss account for the year ended 31 March 1998

	Notes	1998 £'000	1997 £'000
Turnover	2	11,785	11,079
Cost of sales		10,015	9,685
Gross profit		1,770	1,394
Administrative expenses		544	511
Operating profit	3	1,226	883
Bank interest receivable		140	104
Interest payable and similar charges	6	232	271
Profit on ordinary activities before taxation	2	1,134	716
Tax on profit on ordinary activities	7	335	221
Profit on ordinary activities after taxation		799	495
Dividends	8	500	500
Retained profit/(loss) for the year	20	299	(5)
Statement of reserves			
Balance at 1 April 1997		2,367	2,372
Profit/(loss) for the year		299	(5)
Retained profit at 31 March 1998		2,666	2,367

All the above figures, including comparatives, relate to continuing activities.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Plymouth Citybus Limited

Balance sheet at 31 March 1998

	Notes	1998 £'000	1997 £'000
Fixed assets	9	5,333	6,324
Tangible assets	10	1	1
Investments		<u>5,334</u>	<u>6,325</u>
Current assets	11	157	140
Stocks	12	739	710
Debtors	13	1,200	1,000
Investments		1,408	618
Cash at bank and in hand		<u>3,504</u>	<u>2,468</u>
Creditors: amounts falling due within one year	14	2,264	1,943
Net current assets		<u>1,240</u>	<u>525</u>
Total assets less current liabilities		<u>6,574</u>	<u>6,850</u>
Creditors: amounts falling due after more than one year	15	2,110	2,780
Provisions for liabilities and charges	16	508	413
Net assets		<u>2,618</u>	<u>3,193</u>
Capital and reserves		<u>3,956</u>	<u>3,657</u>
Called up share capital	19	1,290	1,290
Profit and loss account		2,666	2,367
Equity shareholders' funds	20	<u>3,956</u>	<u>3,657</u>

The financial statements on pages 6 to 20 were approved by the board of directors on 9 October 1998 and were signed on its behalf by:

J Ackroyd



B L Fisher
Directors



**Cash flow statement
for the year ended 31 March 1998**

	Notes	1998 £'000	1997 £'000
Net cash inflow from operating activities	21	<u>2,620</u>	<u>2,108</u>
Returns on investments and servicing of finance			
Interest received		140	104
Interest paid		(104)	(104)
Interest paid on finance leases		<u>(128)</u>	<u>(167)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(92)</u>	<u>(167)</u>
Taxation			
UK Corporation tax paid		<u>(131)</u>	<u>(182)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(99)	(205)
Sale of tangible fixed assets		<u>4</u>	<u>33</u>
Net cash (outflow) from capital expenditure and financial investment		<u>(95)</u>	<u>(172)</u>
Equity dividends paid		<u>(500)</u>	<u>(500)</u>
Management of liquid resources			
Cash placed in one month deposit account		<u>(200)</u>	<u>(200)</u>
Net cash inflow before financing		<u>1,602</u>	<u>887</u>
Financing			
Repayment of loan		(50)	(79)
Payment of principal under finance leases		<u>(762)</u>	<u>(825)</u>
Net cash outflow from financing		<u>(812)</u>	<u>(904)</u>
Increase/(decrease) in cash	22	<u><u>790</u></u>	<u><u>(17)</u></u>

**Notes to the financial statements
for the year ended 31 March 1998****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	2.0
Plant and machinery	20.0
Double deck buses	6.7
Single deck buses	10.0
Minibuses	16.7
Other motor vehicles	20.0

Freehold land is not depreciated.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements, which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on an average price basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme. Payments due to the funds are charged in these financial statements as part of employment costs.

Investments

Investments are stated at cost.

2 Turnover and profit on ordinary activities before taxation

	Turnover		Profit on ordinary activities before taxation	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Bus and coach operations	10,724	10,068	921	525
Other	1,061	1,011	213	191
	<u>11,785</u>	<u>11,079</u>	<u>1,134</u>	<u>716</u>

All turnover is derived from operations in the United Kingdom.

3 Operating profit

Operating profit is stated after charging/(crediting):

	1998 £'000	1997 £'000
Auditors' remuneration		
- audit	17	16
- other services	3	4
Profit on disposal of fixed assets	-	(33)
Rent receivable	(18)	(19)
Operating lease rentals:		
- vehicles	-	7
- plant and machinery	21	17
Depreciation of owned tangible fixed assets	390	410
Depreciation of tangible fixed assets held under finance leases	696	762
Finance lease interest	129	167
	<u> </u>	<u> </u>

4 Directors' emoluments

	1998 £	1997 £
Aggregate emoluments	<u>128,822</u>	<u>118,695</u>
Company pension contributions to money purchase schemes	<u>2,625</u>	<u>1,188</u>

Retirement benefits are accruing to two directors (1997: two directors) under the Local Government Superannuation Scheme ('LGSS').

5 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1998 Number	1997 Number
Bus operations and other activities	418	408
Administration	43	41
	<u>461</u>	<u>449</u>
	<u>461</u>	<u>449</u>
	1998	1997
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	5,519	5,362
Social security costs	457	443
Other pension costs (see note 18)	331	344
	<u>6,307</u>	<u>6,149</u>
	<u>6,307</u>	<u>6,149</u>

6 Interest payable and similar charges

	1998 £'000	1997 £'000
On debenture loans (see note 15):		
- repayable within five years	2	3
- repayable wholly or partly in more than five years	101	101
Finance lease and hire purchase interest	129	167
	<u>232</u>	<u>271</u>
	<u>232</u>	<u>271</u>

7 Tax on profit on ordinary activities

	1998 £'000	1997 £'000
United Kingdom corporation tax at 31% (1997: 33%):		
- current	347	212
- deferred	(5)	9
(Over) provision in respect of prior year	(7)	-
	<u>335</u>	<u>221</u>
	<u>335</u>	<u>221</u>

8 Dividends

	1998 £'000	1997 £'000
Ordinary:		
Final of 38.8p per share (1997: 38.8p)	<u>500</u>	<u>500</u>

9 Tangible fixed assets

	Freehold land & buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 1997	1,575	967	8,493	11,035
Additions	-	66	33	99
Disposals	-	(5)	(31)	(36)
At 31 March 1998	<u>1,575</u>	<u>1,028</u>	<u>8,495</u>	<u>11,098</u>
Depreciation				
At 1 April 1997	116	584	4,011	4,711
Charge for year	12	169	905	1,086
Disposals	-	(5)	(27)	(32)
At 31 March 1998	<u>128</u>	<u>748</u>	<u>4,889</u>	<u>5,765</u>
Net book value				
At 31 March 1998	<u>1,447</u>	<u>280</u>	<u>3,606</u>	<u>5,333</u>
At 1 April 1997	<u>1,459</u>	<u>383</u>	<u>4,482</u>	<u>6,324</u>

The net book value of tangible fixed assets includes an amount of £2,422,180 (1997: £3,117,684) in respect of assets held under finance leases and hire purchase contracts.

10 Fixed asset investments

	1998	1997
	£'000	£'000
Cost and net book value		
At 1 April 1997 and 31 March 1998	1	1
	<u> </u>	<u> </u>

Investments at net book value include:

	1998	1997
	£'000	£'000
Investment listed on a recognised investment exchange	1	1
	<u> </u>	<u> </u>
Market value of listed investments	3	2
	<u> </u>	<u> </u>

11 Stocks

Stocks comprise consumable items for use in the company's business.

12 Debtors

	1998	1997
	£'000	£'000
Amounts falling due within one year		
Trade debtors	503	411
Other debtors	139	206
Prepayments and accrued income	97	93
	<u> </u>	<u> </u>
	739	710
	<u> </u>	<u> </u>

13 Current asset investments

Current asset investments relate to amounts placed in short term (one month) deposit accounts.

14 Creditors: amounts falling due within one year

	1998 £'000	1997 £'000
Debenture loans (see note 15)	94	105
Obligations under finance leases (see note 15)	624	755
Trade creditors	586	445
Other taxation and social security	219	193
Corporation tax payable	220	11
Advance corporation tax	125	125
Other creditors	65	60
Accruals and deferred income	331	249
	<u>2,264</u>	<u>1,943</u>

15 Creditors: amounts falling due after more than one year

	1998 £'000	1997 £'000
Debenture loans (see below)	1,034	1,073
Obligations under finance leases (see below)	1,076	1,707
	<u>2,110</u>	<u>2,780</u>

Debenture loans

An analysis of the debenture loans by due date of repayment is set out below:

	1998 £'000	1997 £'000
Debenture loans:		
- within one year	94	105
- between two and five years	200	181
- in five years or more	834	892
	<u>1,128</u>	<u>1,178</u>

**15 Creditors: amounts falling due after more than one year
(continued)**

The debenture loans, all of which are held by Plymouth City Council, are as follows:

Initial advance	Security held
£1,000,000	Legal charge over land and buildings
£320,000	Floating charge over all assets
£134,000	Floating charge over all assets

All debenture loans have interest charged at 0.25% above the consolidated loans fund rate.

Finance leases

The net finance lease obligations to which the company is committed are:

	1998 £'000	1997 £'000
In one year and less	624	755
Between two and five years	1,076	1,559
Over five years	-	148
	<u>1,700</u>	<u>2,462</u>

16 Provisions for liabilities and charges

	Deferred taxation (see note 17) £'000	Provision for Omnibus Insurance £'000	Total £'000
At 1 April 1997	330	83	413
Provision in year	(5)	219	214
Payments made during year	-	(119)	(119)
	<u>325</u>	<u>183</u>	<u>508</u>
At 31 March 1998			

17 Deferred taxation

Deferred taxation provided in the financial statements and the amount unprovided of the total potential liability are as follows:

	Amount provided		Amount unprovided	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Accelerated capital allowances	345	370	-	-
Short term timing differences	(20)	(40)	-	-
	<u>325</u>	<u>330</u>	<u>-</u>	<u>-</u>

18 Pension and similar obligations

The Local Government Superannuation Scheme

This is a defined benefit partially funded scheme which is valued every three years by a professionally qualified independent actuary. The most recent actuarial valuation was completed as at 31 March 1995. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rate of general pay increases and pensions. It was assumed that the investment return would be 9% per annum, that pay increases would average 6.5% per annum and that the rate of increase to pensions would be 4.5% per annum.

At the latest actuarial valuation, the market value of the Fund's assets was £645.9 million and was sufficient to cover 79% of the Fund's liabilities, after allowing for future pay rises.

This was considered inadequate to satisfy the defined benefits of the scheme. In accordance with the advice of the actuaries, the company is increasing the annual contributions by £115,000 for the next 12 years.

'Plymouth Citybus pension scheme'

This is a defined contribution pension scheme.

The total pension cost for the company in respect of both schemes was £331,471 (1997: £344,000).

An amount of £900 (1997: £887) is included in creditors which represents the excess of the accumulated pension cost over the payment of contributions to pension funds.

19 Called up share capital

	1998 £	1997 £
Authorised		
1,300,000 ordinary shares of £1 each	<u>1,300,000</u>	<u>1,300,000</u>
Allotted, called up and fully paid		
1,290,100 ordinary shares of £1 each	<u>1,290,100</u>	<u>1,290,100</u>

20 Reconciliation of movements in shareholders' funds

	1998 £'000	1997 £'000
Profit for the financial year	799	495
Dividends	(500)	(500)
Net addition/(reduction) to shareholders' funds	<u>299</u>	<u>(5)</u>
Opening shareholders' funds	<u>3,657</u>	<u>3,662</u>
Closing shareholders' funds	<u>3,956</u>	<u>3,657</u>

21 Reconciliation of operating profit to net cash inflow from operating activities

	1998 £'000	1997 £'000
Operating profit	1,226	883
Depreciation on tangible fixed assets	1,086	1,172
Profit on sale of tangible fixed assets	-	(33)
(Increase) in stocks	(17)	(21)
(Increase)/decrease in trade debtors	(92)	84
Decrease/(increase) in other debtors	67	(57)
(Increase)/decrease in prepayments and accrued income	(4)	7
Increase in trade creditors	141	46
Increase/(decrease) in other taxation and social security	26	(35)
Increase/(decrease) in other creditors	5	(56)
Increase in accruals and deferred income	82	16
Increase in provisions for liabilities and charges	100	102
Net cash inflow from operating activities	<u>2,620</u>	<u>2,108</u>

22 Reconciliation of net cash flow to movement in net debt

	1998 £'000	1997 £'000
Increase/(decrease) in cash in the period	790	(17)
Cash outflow from decrease in debt and lease financing	812	904
Change in net debt resulting from cash flows	<u>1,602</u>	<u>887</u>
New finance leases	-	(986)
Movement in net debt in the period	<u>1,602</u>	<u>(99)</u>
Net debt at 1 April	<u>(3,022)</u>	<u>(2,923)</u>
Net debt at 31 March	<u><u>(1,420)</u></u>	<u><u>(3,022)</u></u>

23 Analysis of net debt

	At 1 April 1997 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 March 1998 £'000
Cash at bank	618	790	-	1,408
Debt due after one year	(1,073)	.	39	(1,034)
Debt due within one year	(105)	50	(39)	(94)
Finance leases	(2,462)	762	-	(1,700)
Total	<u><u>(3,022)</u></u>	<u><u>1,602</u></u>	<u><u>-</u></u>	<u><u>(1,420)</u></u>

24 Major non-cash transactions

During the year the company entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the lease of £Nil (1997: £986,340).

25 Contingent liabilities and financial commitments

	1998	1997
	£'000	£'000
Capital expenditure contracted for	457	-
Lease commitments contracted for	823	-
	<u>1,280</u>	<u>-</u>

26 Lease commitments

The company has financial commitments in respect of non-cancellable operating leases for plant, machinery and vehicles. The rentals payable under these leases in the next year are as follows:

	Annual payment	
	1998	1997
	£'000	£'000
Date of lease termination		
Within one year	5	4
In two to five years inclusive	-	8
	<u>5</u>	<u>12</u>
	<u>5</u>	<u>12</u>

27 Transactions with related parties

Plymouth Citybus Limited is owned by Plymouth City Council and is partly funded by loans from Plymouth City Council. Details of these loans can be found in note 15.